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June 18, 1951

DEPARTMENT OF STATE
REVIEWED BY JD DATE 10 AUG 1981
PORTIONS DENIED AS INDICATED

MEMORANDUM

TO: S/P - Mr. Watts
FROM: OIR - Charles C. Stelle
SUBJECT: Attached edited reports.

Jacobson in DRF has gone through the originals of this material and edited it with a view to downgrading the classification as much as possible. Some material which is strictly operational--or which is purely historical and not of intelligence interest--has been omitted.

The greater number of these can be treated as "Restricted" and have been so marked. Some of the reports, however, we do not believe can be graded lower than "Confidential" or "Secret", either because they come from possibly identifiable US official sources or because it is impossible to preserve their intelligence value without naming names. We have indicated what we believe to be the appropriate classification.

have taken the liberty of arranging these so that the first five reports are those which I found the most interesting.

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(The source of the following information is a Chinese journalist.

his views, contained in this report, were expressed on May 9, 1951).

This is a question of ideology and of power; it was not a question of what the Chinese Communists would choose to do if they were given a free choice. They had no free choice in the circumstances. Not to choose to lean on Russia would mean their possible loss of control and their being supplanted by some other political force. Mao was the prisoner of these circumstances. If it were not Mao, if it were someone else, then that other person would have been in exactly the same situation.

This psychology was dominant not only at the top. It was dominant through all levels of the Communist Party. Those who had been able to edge themselves up just a little way in the ladder of power knew that they would lose their foothold if China were to come to an accommodation with the United States.

There was always a danger of one's being too pre-occupied with revolutionary intention in attempting to analyze the Chinese Communists. In this pre-occupation one might see that the tie to Russia was actually thwarting the carrying out of the high hopes of the revolution. One would be led to the hope that the Chinese Communists would break away from the tie to Moscow in order to realize their hopes for Chinese society. To the men in power, however, the revolution was a means to power; it was not an end in itself. They would not permit the revolution to run a course which

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would result in their loss of power. Taken at their face, the high hopes of material progress and social betterment under the revolution might appear to require an accommodation with the West, but the requirements for remaining in power dictate the tie to Russia.

Mao could not be a Tito. Tito was in a position of unchallenged individual pre-eminence in Yugoslavia. No one is in an equivalent position in China. Tito faced a choice of knuckling under to Moscow or seeking an independent course. To knuckle under would have won him a big state funeral right away. To seek the independent course would give him a few more years of power. He chose the second. He did so because of the desire to hold on. Eventually, of course, his regime will have to accommodate itself to the West. There are already signs of it. But meanwhile he will stay at the pinnacle.

In China the situation is the opposite. To accommodate to the West would be the way to obscurity or death for any of the leaders at Peiping. To play along with Moscow means the prospect of a few more years of power for them. They must choose to keep the tie to Moscow for the same reason that Tito had to choose to sever it. Anyone who tried to be a Tito against Mao would be setting off a course of events that would forthwith lead to his own downfall. For that reason there can be no Tito at any level.

Mao is incapable of being a Tito because of his own weaknesses. The revolution has succeeded to power too rapidly. The Reds have completed the superstructure ahead of the foundation. They have had to turn to others for help in keeping the structure up. Mao has had to ingratiate many elements. He is not a kingpin in the sense that Tito was. Only a strong man could be a Tito, and Mao is not a strong man.

There is practically no prospect that cleavages will develop within the Chinese Communist regime, as between pro-Stalinist and Nationalist elements within the Party.

Furthermore, there is no chance of developing a deviation among subordinate commanders. Prior to the Korean War each army had been somewhat autonomous in its region. This meant that each local commander was theoretically capable of independent action or possible action against the regime. The Reds in central control realized this, therefore, they used the Korean war as an occasion for breaking down the autonomy of the local commands. Forces were ^{put} out from one and sent to another. Old KMT forces were selected for early and heavy attrition. General Chen I's forces, for example, were drastically weakened by redeployment to others. Chen I had often been described as a potential leader of opposition, but this idea was without foundation. For the general there was only one choice -- to go along and enjoy a few more years of patronage or to raise his voice and have a big state funeral. His forces were depleted and his power had been

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impinged upon by security police, whom he did not control.

People who persist in thinking of Chou En-lai or General Chen I as potential deviationists are the contemporary equivalents of the people who used to think of Goering as a counterfoil to Hitler because Goering was fat and jolly and a reasonable sort of fellow to talk to. Individual men's personal characteristics and men's antecedent desires are immaterial when the men become involved in the nexus of power in a totalitarian system. Chinese communism is totalitarian, and its totalitarianism prevails against the Chinese characteristics or against the individual preconceptions of the men in power.

Sovereign authority in the modern police state resides in those who control the police. They cannot afford to make an accommodation with any free system for that would lead to their own loss of power. No one else can make an accommodation for everyone else lives in mortal fear of the police.

The power of the Peiping police system is being used for the purpose, above all, of perpetuating itself. That is why Peiping has turned toward Moscow. Americans seem to think Moscow is penetrating China in some way that the Masters of China do not like. This is an illusion. They asked for Moscow penetration. China had to turn to Moscow or to turn to the West. Only by turning to Moscow could the police system keep a grasp on power.

The great marvel of the Red regime is its efficiency. These men know how to do things, to get control, to force others to their will. China has never seen anything like it. For the first time we have efficiency. It is devilish, but it is technically admirable. It is remarkable how efficient men can be when they free themselves from all inhibitions. These men act without the restraints of Confucian ethics or the Christian idea of the soul. They stop at nothing.

Like the Nazis they develop the bond of guilt as a means of power. People are encouraged, under the stimulus of excitement, to turn in as enemies the names of neighbors whom they don't like. They are required to witness tortures and executions. They are compelled to participate, to seize a stick and help in the beating to death of some old woman, or to kick the corpse of someone shot for a political offense. Under this stimulus men and women do things which bind them by a sense of guilt to the regime.

Russian penetration was not forced onto China. It came after the regime was established. The regime turned to it and welcomed it. It did so because it wanted Russia to come in. It wanted Russia in as a mainstay for the regime. Maybe a few Chinese, whose opinions don't count, resented Russian penetration but certainly none of those in power shared the resentment — or at least if they did, they could do nothing about it because Russia was the mainstay of the regime and to throw off Russia would be to

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throw off the mantle of authority and position and prestige.

As to the strains within China, resulting from the Korean War — the shortage of grain, the pressures caused by land reform, and the growing fear incident to the purge — all these did cause resentment of the regime, but the mainstay of totalitarianism is popular fear, not popular support. The increase of pressures calls for the strengthening of controls; the greater the discontent, the greater the repression; the greater the repression, the greater the power of those in charge of the police system — this is inherent in the nature of power in totalitarianism. The men in power in China welcomed problems and pressures and discontents because thereby they were enabled to aggrandize their power.

The Korean war was also in part a popular issue with the Chinese. In the minds of many Chinese is the sense that Chinese troops are challenging the power of a great western nation in a foreign war. This has not happened before. Up to now we have fought only within our own borders. Now we are adventuring abroad. We may not be doing it well, but to be doing it at all seems unbelievably daring. That has an appeal to people — a greater appeal than you Americans think.

If some Chinese forces, for instance Nationalist forces on Taiwan, were fighting on the side of the West the Chinese might develop a divided pride in the course of battle.

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PROSPECTS FOR THE RETURN OF CHIANG KAI-SHEK TO THE MAINLAND

(The source of the following information is a Chinese journalist, educated in China, France, and the US. He remained with his paper in Shanghai when the Communists occupied the city but when it became evident that it would be impossible for him to continue under the conditions demanded by the new regime he left Communist China for Hong Kong. His views, contained in this report, were expressed on May 9, 1951).

To liberate the Chinese mainland from the Communists, it is of greatest importance to build up a symbol of liberation, a symbol which the Chinese people will recognize. Chiang Kai-shek can be built up as such a symbol. Chiang has not been popular. He is not now. Neither was DeGaulle. Yet he was indispensable to the survival of French pride and hope.

Some Chinese who tarried in Shanghai after the Communist takeover, on account of loathing for Chiang, learned a new lesson under the Communists. The Communists used a flash of Chiang in a documentary film on the history of modern China. They included it because they thought it would refresh old hatreds for the KMT and thus help popularize their regime. Instead the moving picture audience applauded him. That would not have happened a short time ago. It happens now. The Communists had to edit the film to prevent further demonstrations of support for Chiang. It is not that love for Chiang has grown. It is that he looks so much better by comparison now. The Chinese have a proverb about a turtle. It progresses so slowly because it carries so huge a weight on its back. Yet turned over, the turtle cannot progress at all. It can only lie there and flail about with its legs. What turtle would not prefer to bear its heavy burden slowly forward? Chiang, to the Chinese, is the turtle-shell. Most Chinese would be glad to bear that burden again. He is not perfect as a symbol, but he is a name all Chinese know. There is no alternative name to rally around.

The political climate in China today will not tolerate a return to the old dispensation of the Kuomintang. In order to return, Chiang would have to present a platform with popular appeal. This platform must contain something more than vindication and vindictiveness. It must include a plan for providing seed, fuel, and food to the people in the rural areas as they become liberated. The Communist control of food and seed was the source of their great power in the rural areas. No matter how disillusioned and bitter a farmer might be, he still had to conform to the will of the authority feeding him and supplying him with seed. The liberating forces, when they return to the mainland, should bring seeds and food.

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In event of any effort to recover the mainland, the Communists could be counted on to strip every evacuated area of all food and seeds. The economic burden upon the liberators would be enormous. They could not do the job without vast American aid.

There were more American trained Asians in the Kuomintang government than in any other government except possibly the Philippines government. The basis for an American-guided program to dispense this aid is, therefore, there. It is only a question of removing the old obstacles -- dominance by landlord and banker cliques.

The Chinese blame the Kuomintang too much for the things for which they should blame themselves. They still cling to what has been called the 'bad man' theory of government. The nature of a government derives from the culture. The Chinese culture has been transformed by the ordeal under communism. It will not be the same again. Its government cannot be the same again. The common rejection of the return of Chiang because it will force a return to a status quo that failed is not realistic.

The old landed gentry, a support of the Kuomintang, has been wiped out. The same has happened to the banking class. The power of the landed gentry rested in part on the fact that it was the source of scholars. Now that has been changed by popular education. The big land-holders have been wiped out by the Reds, the small land-holders have been deprived of parts of their lands and are intimidated by the fear of losing all if they should oppose the regime. The tenant farmers are now possessing and producing on their own land but under a huge burden of taxation. This class is restive and frustrated.

The Kuomintang could not turn back to the now vanished big land-holders. It must appeal to the small landholders and the newly possessed tenant farmers. It must work out a program to save the principle of land reform but with justice to those who have lost their lands. This could be done by some sort of a long-term program for enabling the small farmers to get title to their lands by payment.

The third force is a collection of useless and stinking people. It is silly to think of power in politics without an underpinning of force. The third force is destined to amount to nothing but big talk because it has no troops. The only group having forces opposed to Peiping are the Nationalists on Formosa.

The main trouble with Chiang in the past was that he always tolerated men of force and moved against men of ideas. He has always understood power but not ideas. He is a man of limited intelligence without any conceptions beyond those of force. He can come back -- with the support of US power; but not by power alone. He must have U.S. finance and U.S. ideas behind him as well.

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(The source of the following information is a Chinese journalist, educated in China, France, and the US. He remained with his paper in Shanghai when the Communists occupied the city but when it became evident that it would be impossible for him to continue under the conditions demanded by the new regime he left Communist China for Hong Kong. His views, contained in this report, were expressed on May 9, 1951).

Americans in retrospect look much better to the Chinese. The Chinese recall the way they used to talk to them as equals and how American soldiers and marines would sometimes trade places with the pedicab drivers and do the pedalling while the driver took a ride. In retrospect the Chinese now overlook their chafing at the superficial tendency among Americans to be big shots. In contrast to the Americans, the Russians act like feudal lords--stern, commanding, without consideration for others.

Reaction of the Chinese to bombing in Manchuria or on the Chinese mainland would not be bad. Opponents of the present regime placed their hopes on a willingness of the United States to see that it must bring down the Peiping regime and bombing would be a signal of such willingness by the United States.

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challenge to a police state. Sovereignty in a police state lies in the hands of these who control the police. These can never suffer the loss of that power. They cannot tolerate a challenge to it. They are driven to ally themselves with Russia against the one strong source of challenge to the central principle of the Peiping regime. Thus Peiping must combine with America's great adversary. America means death. Russia means survival and power to them. There is no difference between factions at Peiping on this. It is not a question of what the rulers would choose, given a free choice. They are not free. They are governed by the logic of power in a police state.

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POPULAR OPINION IN COMMUNIST CHINA

(The source of this information is a U.S.-educated Chinese, now residing in Hong Kong, who is considered to be a keen and well-informed observer of developments in China. The date of the information is May 21, 1951.)

The people of China know only Chiang Kai-shek and his successors. Chiang looked bad until his successors had had their day. Now he looks much better in comparison. But the comparisons are necessarily between Chiang and the Communists. No other name than Chiang's has currency as a leader for possible recovery of the mainland.

Support of the people means little so long as they are under a system of government which makes it immaterial what the people think.

The Chinese Communist Government has that effect. There is no public opinion. There is only government-sponsored opinion. What a man thinks is something he does cherish to himself or whispers to his friends.

Popular support means nothing as long as popular sentiment is suppressed. The crux was not how people felt individually but how they acted as politically organized. The Chinese people, as politically organized by the Communists, were effectively ranged against the United States.

There is no basis on which to hope that that situation would reverse itself. The notion that repression carried to the limit would make a people rise up in rebellion is not so. Repression and terror work. The longer they work, the more effective they become.

Latent, secret support of the United States will not endure very far into the future. Propaganda is having its effect. The Peiping Government's story gets a monopoly of general attention. The Government's control of the channels of information is very complete and efficient.

The people of enlightenment and leadership are being eliminated one by one in the purge. After some months more, there will be no element of leadership left in the mainland on the basis of which to rally opposition to the regime. That is the main idea of the purge.

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In any event, the Chinese are not a people who value heroism highly. The western ideal of the man who rises up to challenge authority when it is wrong even if the consequence is death is not esteemed by the Chinese in general. Theirs is a philosophy of adjustment--not of persevering defiance. They believe in liberty but not in heroism. With the passage of time they will all learn to toe the mark. The same has happened in the main to other peoples brought under the rule of communism. It will be even more so among the Chinese.

Their ideal is the philosopher who reserves his own inner objectivity even while conforming to the necessities of his situation. It is not the overt rebel.

Beyond that is the additional factor of the virtual impossibility of successful action against the regime. The people as a whole and as individuals are pretty thoroughly hobbled. Any stirring of activity by any individual or group would merely lead to execution. To attempt to take to the hills would mean starvation.

There is small likelihood of much rebellion until the battle has been carried to the mainland from outside. Then the odds would be increased in favor of rebellion. The opportunity and the willingness to undertake the risk would increase.

Prospects for cleavages between Moscow and Peiping are remote. It is, however, conceivable that such cleavages would come in the event the Russians and the Chinese defeated the Western powers. The case confronted with problems of conflicting interests in the sharing of the victors' spoils. It is inconceivable that they would quarrel over and the about so long as they are both ranged against an array of nations, the United States, antithetic to their survival as Communists.

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DEVELOPMENTS IN COMMUNIST CHINA

(The source of this report, a foreigner who recently has come out of Communist China, was a member of the economics department of a Shanghai university for 17 years. The information was given May 14, 1951).

Source had paid special attention to the attitude of the Peiping regime toward foreign business. Source had kept in close touch with foreign business men in Shanghai and served as a main source of advice to them as a group. Date of information May 14, 1951.

1. Foreign businessmen in Shanghai had been called upon to make a fresh listing of all assets, presumably not for taxing purposes (records on that score were already complete), but in preparation for a seizure of all foreign-owned assets. If one registered his assets, they would be seized. If one did not, they would be seized anyway.

Meanwhile, foreign business was being squeezed by the labor contracts entered into with the Communist labor groups under the policy of co-determination.

Each contract had a clause declaring the unity of the workers and management with Russia in its struggle against America and the other imperialist bandit nations of the West. Any foreigner who refused to sign was regarded as an enemy of the state and as such faced deprivation of his property. Anyone — especially one of a western nationality — who did sign violated his conscience and his national obligations and probably forfeited his right to call upon his own government for diplomatic protection in his property rights.

2. Many people in the West are still being deluded because of their knowledge of Chinese mentality. Chinese mentality has nothing to do with the present situation. The determining mentality is a totalitarian mentality. Totalitarian characteristics rule over all others.

One has to gauge Chinese action now by the scale of totalitarian behavior and ignore the characteristics of traditional Chinese character. The men ruling China have more in common with Lenin, Stalin, Hitler, and the like than with anything in the Chinese tradition. Indeed, they have nothing in common with that tradition.

3. It is bootless to ponder what the Chinese would do under a situation of free choice. Not that all of the Chinese have been divested of Chinese outlooks; but as individuals and as a nation they are in a position where these outlooks mean nothing.

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The nation has lost its free will in the circumstance that the Russians have control of Manchuria and are penetrating such areas as Sinkiang. The Chinese are under the gun more than most people in Western countries realize.

Those who control China could not make a decision independent of Russia even if they wanted to. The Korean war is an example. The Chinese have had great doubts. They resisted, until the last minute, the Russian insistence on war in Korea. Russian pressure prevailed.

4. Incident to the incursion into Korea, suddenly one felt the pull of the totalitarian whirlwind--excitement, ruthlessness, sudden action.

Perhaps the dividing line came about the time the US froze Chinese assets.

Suddenly one felt that Chinese Communism had passed from its predominantly Chinese to its predominantly Communist phase.

War in Korea provided the pressures for pushing the Communist domestic program. It forced the regime ahead much faster than had been desired. It had been unable to form bases of popular consent through education in support of its actions in the crisis and dynamism since the Korean war. It had to force the program by cruelty, terror, uprooting the people.

The Communists built up a hatred of themselves in every sector of the populace. Now they could rule only by intimidation and control in every sector of society.

They knew this. The Russians knew this. This made the Chinese rulers the prisoners of the Russians. They could turn nowhere else. To attempt to do so--to accommodate with the West--would force them into paths that could only end in the relaxing of their controls and systematic dominance. That would unloose all the forces of hatred against them eventually. They knew this. They would never dare take the first step.

They were in the clutches of Moscow. They were probably reconciled to it. They subscribed to a historic philosophy of dialectical materialism. Courses were ineluctable in their view of life. Men who have turned their backs on even the idea of will are incapable of having regrets.

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5. The outward manifestation of Russian penetration and control was growing. More and more Russians were seen everywhere. They were more and more ostentatious about authority. They were obviously acting like the traditional imperialist overlords of Communist mythology.

As an illustration of Communist penetration, the important mayors now had Russian secretaries. Under recently promulgated regulations, any mayoral decision required the authentication of the secretary to be effective. This authentication was not ministerial, like an adjutant's authentication in the army. It was discretionary. Thus in effect, Russians were ruling the big cities. This did not mean that the Russians ran every detail. It meant that they were able to intervene in every aspect that they felt like intervening in. They took a direct hand in such things as exit permits and entry permits.

A case in point is that of a foreigner who had applied for permission in Shanghai to leave the country. This normally required the mayor's assent. Chen I had agreed. The Russian secretary said no. Chen was overruled.

The Russian government was taking special pains to ensure that it did not lose control over the municipal secretaries. They were rotated frequently--spending only a couple of months in any one place--lest bonds and understandings be developed between them and the Chinese officials over whom they were overseers.

6. Since 1945 about 10,000 Chinese had gone to Moscow for training as party administrators. These are flocking back. There had to be something for them to do--and that had to be the only thing they had been trained for: ruthless, dynamic administration. The Reds are in the saddle in China. They will stay until someone dislodges them. The home will not do it. There is no use in pinning hopes on the horse--hopes derived from one's knowledge of the way the horse behaved before it had been broken to saddle.

7. Reports that China is sending 1,000,000 tons of cereals to India are interesting. In the past China has invariably imported about 200,000 tons of cereals a year. Sometimes the figure has been as high as 600,000 tons. Rarely has it reached 1,000,000 tons. Yet in the face of rather unsatisfactory crops,

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China is undertaking this export program, which has political reasons behind it. It means want, even starvation, for many. The rulers are not concerned about this.

Hunger is a problem for free governments. It is not much of a problem for totalitarian governments. Often it could be made into a political asset--as an instrumentality for control.

8. If the United States were to carry bombing or other military operations to the mainland, the people would welcome it. The people themselves would not dare to act against their masters but they would welcome that action by anyone else.

An American missionary, who recently left Hopei, furnished the following information. The Communist paper there had recently carried a story about the crossing of the Han River by UN forces. It happened that the symbol for the Han River was the same as for similarly named rivers near Hankow and in Kwangtung. The Chinese on the streets knew of these but not of the one in Korea. They thought, accordingly, that China had been invaded. The American had been greeted everywhere on the streets that morning, and coolies literally danced at their work.

A year or so ago, the Nationalists bombed Shanghai. One of the bombs landed near Aurora University. Everyone around looked quietly jubilant. The Communists had tried to organize a demand on the part of the students that classes be suspended because of the threat to their lives arising from the bandits on Formosa. The students, in the main, refused to respond and insisted on attending classes.

9. When a family was given land in the land redistribution program the conditions imposed usually included the enlistment of one or two sons in the army. The tenure of the land was made contingent on the good behavior of the sons as soldiers. If they failed to toe the mark, the family was divested.

Maybe the land was not enough to provide a solid living for the family--maybe the tax exactions were enormous--maybe the son got complaints from home in the doubtful event that letters should reach him. Still the boy knew that if he grumbled or defied authority, the family would be thrown off its land. He knew that to have a small plot even in the face of high taxation was vastly better than to have nothing at all. So he obeyed. He obeyed grudgingly and fearfully--but still he obeyed. That was all his masters were interested in.

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One might be skeptical that the Chinese could keep good records on individual soldiers and the land holdings of his family--but on that sort of thing they are really effective. On all things relating to party control they could keep books as well as anyone could on anything at all.

10. Mao has become a figurehead. Maybe Mao knows it himself. Maybe he does not. In any event, the air in Red China was full of assurances that Mao was still the head man. This looks like an attempt to cover up.

Mao's loss of control is exemplified in the land reform policy. Li Li-san drew up the first draft. Mao modified it. He insisted on greater consideration for the big tenants and those who work their own land with paid helpers. He said that to break up the holdings of those would impair production and cause unnecessary stringency. Li Li-san argued the point with him.

The law was promulgated in June 1950 as Mao had modified it. Yet it was not being carried out that way at all. It was being carried out in the pattern espoused by Li Li-san.

The real power was in Li and in Liu Shao-ch'i and others adhering to the Moscow line.

11. How land reform was working out might be illustrated by the example of a farmer who used to own five and rent 40 mou. As tenant he did not pay taxes on the 40. The owner did that. Under redistribution the tenant now had perhaps 25 mou. The tax he paid was probably as great as the rent he used to pay. He was worse off--but he had to toe the mark in order to hold that 25. He was dissatisfied but intimidated by the fear of being divested of what little he had.

The pattern revealed pretty clearly the underlying motive of land reform--to get something that would not work and thus to pave the way for a further step, which would be collectivization of agriculture.

Land reform under the Communists would probably prove to be no reform at all. Former farm laborers vested with land would generally prove unable to manage it. They would eventually have to sell to their more successful neighbors. The more knowing and able farmers, such as had formerly been tenants of large holdings, would thus enlarge their holdings at the expense of the others.

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The Communists would take advantage of the frustration of the small men's aspirations to push on to collectivization.

12. An absentee owner was never permitted to pay his taxes in absentia. Those who had attempted to send in their tax payments had been refused and told they must appear on the scene of ownership. Those who hid and said nothing were hunted out.

Always, or as often as possible whatever the method of getting them back, the owners were forced to come back and face their tenants before the latter took over.

If the peasants told the authorities that the landlord was a bad and exacting owner, the authorities shot him as such.

If they told the authorities he was a good and generous landlord, he might even get something worse, like being buried alive. To be a good owner was the worst offense, because it showed an unnatural and insidious form of capitalism. Someone would invariably denounce him as the worst kind of landlord--the kind that concealed his meanness and deceived his victims into liking their subjugation.

13. The real purpose of the purge was to kill off potential resistance leaders. Esteemed persons, persons of insight and experience, persons of conviction and judgment were its targets.

Given another year of the purge, the elements around which an opposition could ever be organized within continental China would all be gone.

People were kept under constant control. Any possible opposition would be only the futile gesture of one man and could be put down by one bullet.

14. One of the main concomitants of the war was the intensification of the rural reform. This was being done with maximum ruthlessness.

A party paper from Anhwei condemned the local communist leaders for having been too easy and moderate in their methods; for having failed to indulge in bloodshed; for using land reform as an end in itself and not as a means of teaching the peasants to kill; for failing to bring about the bloodshed so necessary for party morale.

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By making its party workers witness innumerable executions, help in them, and tramp in the blood, they fastened their hold on their fealty.

They have no effective will. Their resentments against the regime could be marshaled only by the application of some force from the outside serving to sunder the bonds that now hold them.

For both good and evil Chiang is inefficient. Now the people know something that is masterfully efficient--and only for evil. They would welcome back inefficiency. But they would welcome such inefficiency only initially.

The program aims at destroying the integral influences in Chinese society--the respect of son for father and of pupil for teacher. High school students are being encouraged to defy parental authority, to carry family problems to party meetings, and in many cases to report their parents to party officials for punishment for "reactionary" tendencies.

In general the stronger hierarchic structure of the Catholic Church is proving advantageous as contrasted to the more individualistic character of Protestant groups. Among the Protestant groups the Episcopalians are holding up better

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ATTITUDE IN MAINLAND CHINA TOWARD CHIANG AND THE NATIONALIST REGIME

(The source of the following report is known to have been a high functionary of the Chinese Communist Party prior to his defection 13 years ago. The date of the information is May 12, 1951.)

The Kuomintang is not a symbol of hope. The use of Taiwan troops back on the mainland, sometime in the future, would be more favorable if the political tone on Taiwan were meanwhile improved.

Chiang Kai-shek has only a blueprint for restoring the past. Chiang is thinking not in terms of how to get China on toward improvement and freedom. He is thinking only of which crony should get which job. He already has picked a slate of henchmen to govern various provinces. It has on it such names as Tang En-po to be governor in Kiangsu and Hu Tsung-nan to be governor in Chekiang. These are hated men, incompetent, notable only for their faithfulness as henchmen to Chiang. Such names on a list for the future government of China only alienate the people and drive them over to the Communists.

Chiang Kai-shek is not so important because of his danger as an old enemy. He is important because his reputation makes him an obstacle to defections from the Communist side. In China 50% are for the Reds, 50% are against them, but 90% are against Chiang.

Although the confidence of youth in the Communist regime has been disturbed by the Korean war (seventy to eighty percent were against it) if the issue was debated on the accomplishments in civil government, 90% of youth would still choose against Chiang. If the issue was the popularity of Mao, 50% would be against him.

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MISCELLANEOUS NOTES ON COMMUNIST CHINA

(The source of the following report is known to have been a high functionary of the Chinese Communist Party prior to his defection 13 years ago. The date of the information is May 12, 1951.)

The purge, now being conducted, has not affected the party--except in instances of rubbing out minor party officials for lacking in ruthlessness toward landlords. It has not been directed against critics of the regime. These are still permitted latitude. Rather, it has been directed against potential leaders of opposition groups. It has not weakened the regime.

There has been no civil disturbance incident to the purge. People are excited but not rebellious in the main. The Communists have been smart in admixing local crooks and gangsters with the potential oppositionists in making up the purge lists.

Mao Tse-tung would personally be opposed to the fashion in which the land reform is being carried out. Very probably Mao does not even know how it is going. Those around him probably withhold accurate reports from him. The peasants and their soldier sons know. Their resentment will be brought into focus in time.

The Chinese Communist regime had not been solid for intervention in the Korean war. There had been hot debate in the Politburo. Those opposing intervention had argued last October that it would slow up reconstruction; that it was uncalled for, since the U.S. did not plan to invade China; and that anyway the U.S. was not in position to invade China even if it wanted to. The opponents of intervention had lost the issue narrowly.

Later there might have been a chance of bringing off a solution at the time of the 5-point peace program, but the whole regime was heady with success at that juncture and mistakenly thought that a brilliant and definitive military success lay just ahead.

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As of now the Pei-p'ing Reds must have come to recognizing their incapability to drive the U.N. forces out and were thus playing on awaiting the opportunity for a favorable settlement. A favorable settlement would be one in which the U.S. did not achieve a success on the periphery of China.

Communist discussion groups in China are troubling themselves over the question--why had the Soviets failed to intervene? Tension and resentment over the feeling of being left in the lurch is growing. This type of discussion is not being suppressed.

Chou En-lai is a compromiser, a political broker, a pragmatist. He is a smooth fellow, a good mixer, a smart operator. He avoids stands on either side of any issue. He gets along well with Mao. He gets along with the Soviets. He gets along well with the democratic personages. He plays all sides. He is an organizer, not a man of purpose.

He influences Mao, in some things. He never challenges Mao. Mao is always hard to handle. He is arrogant and irascible. Chou En-lai knows how to avoid rubbing him the wrong way. That is one of his main points of usefulness. Handling Mao is a difficult thing for the Russians. Perhaps Chou En-lai is important as a go-between there.

If there were an issue between the nationalists and internationalists in Pei-p'ing--itself a dubious assumption--Chou En-lai is probably a nationalist.

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COMMENTS ON MAO TSE-TUNG

(The source of these comments is a Chinese resident in Hong Kong who is known to have good channels for contact with high officials in Pei-p'ing. These comments were made May 17, 1951.)

Mao Tse-tung has said that China is not in a position to wage modern war because of its deficiency in steel and its lag in material resources and scientific knowledge.

Among the Communists at Peiping only Liu Shao-chi can talk frankly to Mao, and among the democratic personages only Chang Shih-chao and Hu Ching-i have such personal closeness to Mao as to enable them to argue out points of difference without hesitation. This access to Mao has been the factor compelling Chang Shih-chao to return to Pei-p'ing from Hong Kong to help in making peace.

Mao is still the key man; it is not true that he has lost the determining position to the Stalinists. He still has the solid support of Peng Te-huai, Liu Po-chang, and Chen I, commanding respectively the 1st, 2nd, and 3rd field armies.

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DOMESTIC FAILURES OF THE CHINESE COMMUNIST PARTY

(The source of this report is a self-confessed Chinese Communist defector, now residing in Hong Kong. The information was received May 10, 1951.)

The Chinese Communist revolution started out to be an effort to weave democracy and collectivism into a social and political pattern for solving China's problems. These two qualities are foreordained goals toward which mankind has been evolving under the compulsion of historic forces. Mao Tse-tung ruined and betrayed this design. Mao made it subservient to foreign purposes. He developed communism as an instrument of power and control rather than of democracy. Thus Mao sealed the fate of his regime by attempting to thwart that which was decreed under history's laws.

Dissatisfaction with the course of the regime is felt at all levels; those down the line express their bitterness to each other but have to conform in action; those at the top are unfree to show their true beliefs; they are in the limelight and closely watched; thus the regime is really being undermined though it appears outwardly successful.

Mao does not practice what he preaches; Mao has made the people the victims, not the source, of power and has thrown himself and China into the control of Russia by permitting and abetting Russian domination of the party and the army, and by yielding to it the key points of authority.

The Kuomintang regime had been bad, dictatorridden, and corrupt in practice, but had at least maintained a hypocritical semblance of democracy, whereas the Communists are not even bothering to maintain that semblance.

The government controls the movement of individuals; it robs them of all means of livelihood except at its sufferance and through its control; instead of the economic improvement it had promised, it has reduced real wages; a job

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even at reduced wages is better than no job at all, and so the disillusioned worker has to go along even though he knows that he, as well as the capitalist and the landlord, is a victim of the regime.

Causes of discontent are political as well as economic. Political discontent obtains among the farmers and workers, among the members of the minor parties going along with Pei-p'ing, and among members of the Communist party itself.

Old Communist Party members had led a bitter life of violence, hard work, and sacrifice. They had put up with it in the hope of better days and greater freedom. Now the opportunity was at hand. They found conditions as bad as ever if not worse. They found a greater denial rather than a rebirth of freedom. They could no longer even say aloud what they wanted to say. They could not make friends except with party consent and control. They had the feeling that since the crossing of the Yangtze in 1949 the purpose of the regime had become increasingly not how to serve the goals of the revolution but how to serve the Soviet Union.

The party had always stood before its members as the advocate of scientific and rational methods of government, but now, in the position of national power, it had become corrupt just like preceding regimes. It has become generally recognized within China that the progressive corruption of the regime during its two years of power has been at about the same rate as the corruption of the Kuomintang during its first two years.

Party members are denied freedom of marriage. The present communist policy regulating marriage among party members was known by a Chinese phrase translatable as the "28-5 regimental system". No party member could marry unless he had fulfilled the following: 28 years of age, five years in the Party, and the status of a regimental commander or equivalent thereof.

Ordinarily a Communist was expected to marry another Party member. If he chose to marry an outsider, the other party was compelled to undergo rigorous investigation. The marriage would be permitted only if the other-party were cleared for a certificate of political purity.

Marriage among party members was regulated for purposes of party morale. The party undertook to provide wives for

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veterans who had suffered disfiguring wounds while in the service of communism, a veteran who had lost an eye, a jawbone, or a leg, might make his selection from among the female members. The party officials would tell her that she had to marry the veteran concerned. She would be told that her own freedom to choose a mate would be a small sacrifice in comparison to what the soldiers had sacrificed and that she must put her personal feelings aside. As a result of this system, many Chinese girls had been compelled to undertake unhappy marriages and many of these had committed suicide. This marriage practice was very popular among disabled veterans but resented by all the others.

An incident to illustrate dissatisfaction with livelihood among old communists is the following:

A recent trial in Shanghai had concerned an old-timer of the Communist cause. He had served in the long march of 1934-35 and had fought in the Japanese war. For the past year or so he had had a job in the supply system. He was paid not in money but in supplies--so much rice, so much meat. He had no margin to send to his dependents. His family and his parents back home had been forced into begging. He had petitioned for a money job. This had been denied. Finally he had signed an order diverting 50 piculs of grain to his family. He had revealed his action to his superiors. He had been arrested and tried for this. He had appeared in court with all his medals. He had told the judges that one could not eat medals or words. He had said that during the long march Mao had told his followers that when it was over they would have more; then Mao had told them that with the conclusion of the Japanese war, there would be more; then he had told them after the taking of Pei-p'ing and Tientsin, things would be better; then he had told them that things would pick up as soon as the Wai Hai battle was over; then he had promised improvement in the wake of the crossing of the Yangtze; now Mao was telling them that victory in Korea and the taking of Taiwan would lead to economic improvement. The veteran had concluded his appeal with

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the observation that next Mao would tell them that happy days would be at hand as soon as they had conquered America. The veteran had been sentenced to the reeducation course at the military university at Nanking.

A local magistrate had received a similar sentence for having been conspicuously extravagant in eating two delicacies called yu tiao (some sort of a sweetened spaghetti twist).

Against such stories involving party small fry, the high officials were reported to be increasingly extravagant. Many of the leaders were reported to be reviving the old Chinese custom of multiple marriages, publicly frowned upon by the party, and that according to Chinese gossip, Liu Shao-ch'i had six wives.

Corruption is well known; for \$600 Hong Kong (equivalent of \$100 U.S.) entry into Kwangtung from Hong Kong could be arranged for even a known Kuomintang agent.

The Kuomintang had employed conscription to raise its forces. This had been corrupt and onerous. Young men often had been seized in the fields and impressed into service. Levies had been placed against villages and the village elders had determined what young men should have to serve. The young men of China had hated conscription.

The Reds made much of the idea that their army was based upon the volunteer system in contrast to the Kuomintang army. Actually the volunteer system was a sham. Students, farmers, workers, and so on volunteered because military service was often the only way to a square meal since the country had been gleaned of its food resources.

The volunteer system in Korea has a proforma basis.

Before a unit was taken across the border it would be assembled and harrangued by its commander. He would explain that the Koreans are brothers of the Chinese, that Koreans served in the Chinese Red army during its days of bitter struggle against the Kuomintang, that Korea has been invaded, that it behooved the Chinese to repay them for their former help by helping them oust the invaders, and that anyway, if the invasion of Korea succeeded, China would be the next

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objective of the aggressors. The commander would then ask whether all of them agreed. When no one expressed dissent, he would then report to his superiors that all of his unit had volunteered for service in Korea.

The system always worked since to express disagreement would undoubtedly lead to execution as a counter-revolutionary agent.

In spite of this, the Chinese army held up as well as it did in Korea not from inward morale but from fear of the system--human wave tactics--under which the men of the second wave shoot those of the assault wave in event of their attempt to withdraw. The troops in Korea are largely former Kuomintang troops.

Mao destroyed capitalism before being ready to establish socialism. In this he has gone back on his word. He has created a void. Capitalism has vanished, but no technics for operating a socialist system are at hand to take its place.

In this juncture the countryside has been rendered bankrupt; grain stripped from the country to be concentrated in the cities. This has stabilized prices in the cities--but at the expense of destituting the countryside, which is the stabilizing factor which had saved China in many past ordeals, especially the Japanese war.

China's economy has been integrated in, and subjugated to, the economy of the Soviet Union. Notwithstanding local needs, Chinese grain and soy beans are being exported to the Soviet Union as the price exacted for military support. This is still going on. Although the statistics of this movement are not known, it is known that it involves a vast volume because the freight is seen in transit day by day.

China needed machinery, not arms. The Soviet Union could supply it arms but not machinery. So the Chinese effort had been shifted from peaceful development to war so that it could become reciprocal to the Russian economy. Thus the needs of Soviet penetration had dictated the decision to make war in Korea.

On the other hand, the Korean War has created the psychology and conditions of control necessary to carry through the ruthless program. The cause and effect relation-

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ship thus was a double one.

One of the economic technics developed by the regime to meet its exigent needs was concerned in the selling of opium. A special agency for selling opium was set up in Canton. It dealt in stocks of opium formerly taken over from Kuomintang officials or confiscated more recently in the interior. Opium was sold at a very low price in Canton to individual dealers. A certain quantity would be made available for about half the price it would draw in Hong Kong. The dealer was thus allowed a great profit margin. He was compelled, however, to cover the price paid by imports of war necessities. Thus he would exchange the opium for, say, tires in Hong Kong.

The Communist regime has set itself on the path of failure in China. It has been forced to do this by the Russians. The Russians aimed to accelerate the course. Thus Stalin is bound to fail because his organization aimed at the acceleration of failure.

Dissatisfaction is wide and deep in the Communist Party. The circumstances that virtually everybody is going along with the regime should not conceal its inner weaknesses. Evidence in action of the discontent is slight, but the discontent is there.

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CONDITIONS IN COMMUNIST CHINA

(The source of the following information is "an old KMT man" now living in Hong Kong. He is reputed to have contacts with guerrilla forces operating on the mainland. This information was received May 11, 1951.)

Theoretically a split within the Peiping regime is possible. Strong differences of intention exist among the Peiping leaders. Strong differences in their attitude toward Russia exist. Yet the idea of a split is academic so long as the United States continues to exist as a strong democratic force.

The Peiping Communists are, after all, totalitarians. The idea of the existence of a strong democratic community, successful and powerful, is itself a challenge to them. So long as that challenge exists, they will have to stick together and close to Moscow.

Popular attitude in China is turning against the regime. One hears many evidences of this in spontaneous individual utterances. A woman who visited Shanghai last year, claims that during a ricksha ride the ricksha boy turned to her to complain against the regime and to express the wish that he could get into some army to fight against it.

Another source related how he had heard a laborer in the street say that he would go over to the Nationalists at the moment of their invasion of the mainland.

A letter received from a Shanghai resident tells of the growing fear of the police. Neighbors never dare to close their doors now lest they might arouse suspicion. The receipt of a letter from anywhere outside Communist China brings on an immediate police inquisition.

Every house, every person, is affected every day in every activity. One cannot even move from one dwelling to another without getting permission from the bureaucracy. One's food, one's thought, one's livelihood is managed to the end of aggrandizing and continuing the power of those who rule.

Everywhere people are in terror and hate their rulers. In view of all this revolt is impossible because Peiping controls the public.

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The regime has thorough control of everything except men's inner mind. Any action of defiance would be doomed to failure. There can be no rising against the regime short of a war situation and short of an attack from the outside.

A junior at Yenching University has asserted that students were generally inwardly aloof to communist indoctrination. They had not responded well to campaigns to get them to volunteer for service in Korea. In the high schools, however, things were different. Pupils were very responsive to Communist teaching. Many had volunteered for the army.

Guerrilla forces on the mainland are having a tougher and tougher time because of food shortage. The government has preempted all food supplies. No one has anything left over with which to feed guerrillas.

The ransacking of the country for food has caused discontent. Yet it has not weakened the government. It has made everyone dependent on the government for every meal he gets. One does not rebel when it would mean starvation to do so.

Government in China is based on terror in the cities and hunger in the country.

In the present purge, men of character and knowledge are the main political victims. The purge is destroying the basis for any opposition.

It was generally assumed in China that Chiang Kai-shek would come back. Most people know of no other national ruler but Chiang and Mao. They now regard Chiang as bad and Mao as worse.

The corruption and inefficiency of the Kuomintang is remembered by everyone. Most people would be glad to have it back.

Almost all Chinese are secretly for the U.S. in the Korean War. Most know that China was the aggressor. Only Communists felt emotionally responsive to the idea of Chinese fighting in a foreign war. No one else did. Non-communists are solidly on the side of the U.S. and the U.N. as individuals. They delight in reports of casualties among the Chinese Communist forces.

Chinese popular reaction would be favorable to UN bombing or other military operations against the mainland. The idea that it would solidify the people behind Peiping is without foundation. The people would welcome

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anything calculated to bring down the regime.

It was fairly common knowledge that the regime has been badly split about entering the war in Korea. The decision had been forced by Moscow. The war has increased the problems of the regime, but it had developed controls more than adequate to meet the increase in problems. The elements at Peiping reluctant about going into war included Mao and Chou En-lai. Liu Shao-chi was on the opposite side.

As a consequence of developments in the wake of the entry into war, the regime belongs to the Soviets. To think of its splitting away from Moscow or of any elements within it as being able to take a new tack is unrealistic. Peiping could not end the fighting in Korea now except with Moscow's consent. The issue of events would be determined by the Kremlin, not by Peiping.

Titoism is out of the question.

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THE GUERRILLA MOVEMENT ON THE MAINLAND

(The source of the following information is "an old KMT man" now living in Hong Kong. He is reputed to have contacts with guerrilla forces operating on the mainland. This information was received May 11, 1951.)

The guerrilla movement is languishing but is not dead. It needs a solid base outside for supplies. Two hundred thousand are still under arms in Kwangsi. A regiment of Communist troops was recently cut down in a surprise attack by a guerrilla band.

The guerrilla movement needs the stimulus of better leadership. It would not and could not rally behind Chiang Kai-shek and Taiwan. Yet the leaders could not agree on anyone to be the supreme guerrilla leader. The emergence of a leader in the third force would help develop the guerrilla movement. He would have to be someone strong enough to stand up to Chiang and not be taken over by him. Chang Fa-k'uei had been suggested as a leader, but he is impossible. Li Sung-jen has also been mentioned. He, however, cut the ground from under himself by going to the U.S. A third possibility, the best prospect, is Hsu Chung-chih.

Three of Chen I's divisions have been reached by guerrilla leaders. There were secret understandings that these would swing over if the time of attack from the outside should come. Revolt would be possible, however, only in the event of an outside attack. It is impossible for a body of soldiers to take to the hills to fight. This means starvation.

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CHINESE COMMUNIST RELATIONS WITH OVERSEAS CHINESE

Soon after coming into power on the Chinese mainland, the People's Government sought to develop support for its aims among the so-called overseas Chinese--specifically the Chinese in Indochina, Malaya, Burma, Thailand, the Philippines, and Indonesia.

It brought in leaders of the Chinese communities in Southeast Asia and the off-shore islands. It took them on tours, treated them well, and sent them back to their communities liking what they had seen and disposed to give allegiance to Peiping.

Many of these were big bankers and industrialists. They were not potential Communists, but they were regarded as potential allies or at least as people to be neutralized. These were vulnerable. They hated the KMT. For years it had exploited them rather than seeking to protect them in their dealing with their local governments.

In the Philippines, at least until recently, one could still see the KMT shakedown working. KMT gangs cooperated with the local security police and with local racketeers in shaking down the Chinese. Some of the money thus raised probably went to Taiwan.

The overseas Chinese had looked forward to the day when China might have a strong government capable of, and disposed toward, protecting them. They hoped that the Peiping regime would prove to be such.

At first the Peiping regime made great progress among the Chinese in Southeast Asia.

They organized local Communist groups. They took in a lot of well-to-do Chinese, eliciting at least their friendly cooperation.

They organized Communist groups in the Chinese schools--the Chinese having their own schools in most of the overseas areas.

In part they were successful in organizing among the Chinese secret societies.

The Chinese were generally more advanced culturally than the areas in which they lived. They had very different traditions. They used secret societies as a means of self-regulation in accord with their own

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usages, thus escaping submission to local authority. The Chinese communities were both privileged and underprivileged communities. They were relatively more successful in banking, brokerage, and other fields than the surrounding peoples and tended toward monopoly in these lines. Because of this and because of social and racial differences they drew opprobrium.

Their secret societies were a bulwark against oppression by the surrounding communities. They provided the Chinese a means of settling family troubles, handling employer-employee relations, social security and unemployment insurance, the handling of home remittances, handling travel arrangements, and so on. They had judicial functions in settling differences. They provided their own police in times of chaos. They had their own furtive system of finance. They were held together by bonds of self-interest. They also had quasi-religious practices. They had some gang characteristics, some characteristics like free masonry, and some of syndicalism.

There were two great complexes of Chinese secret societies in Southeast Asia and the off-shore islands. One was more respectable than the other. The latter had a fringe of pickpockets and thugs.

They were loosely organized both along horizontal chapter-to-chapter and country-to-country lines and along vertical lines running back to parent organizations in mainland China.

In general the secret societies were traditionally active in economic and social but not in political affairs. They had been politically active in the days when Sun Yat-Sen was getting started. Then they had lapsed back into political indifference as a result of disappointment when the Chinese revolution went sour in the KMT.

The Reds made great initial gains in penetrating the less reputable complex. The more respectable complex became alert to the Communist threat.

The member societies prepared to combat violence, guard against sabotage, resist Communist extortion, and help protect innocent Chinese against charges of Communist activity lodged by unwitting authorities and sometimes abetted by the Communists themselves.

The unpenetrated secret societies had up until recently limited effectiveness in combating Communist penetration.

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They lacked resources. This was due in large part to the destruction of their property and livelihoods by the Japanese during the occupation.

A second handicap was that the secret societies were generally outlawed by local laws. They had to work furtively.

Wherever liaison with local government officials was possible, the anti-Red secret societies aided in informing on Communist activities and detecting Chinese propaganda in the schools. In some instances they were even given the opportunity to furnish special constable corps to the authorities.

In general such liaison was rare because of the misunderstanding of the secret societies by the native and colonial officials, who are mystified, fearful, and regard the secret societies as all in the Fu Manchu pattern.

The official opposition to secret societies in the Southeast Asian countries stemmed from the circumstance that the societies usurped governmental functions. Every time the societies became obviously active, the local authorities clamped down on them.

This was especially true of the British--who were more alert to the problem of secret societies than to the menace of communist penetration. The French alone among the European colonial officials seemed to have a realistic appreciation of secret societies, and what they were for and how they worked.

The complex of secret societies was fixing up its line of communication and seeking to get adequate anti-Communist guidance to local units. This was proving difficult. Travel restrictions on Chinese were hard. Exit permits and visas were hard to get from the suspicious governments. Also travel was expensive, and the societies were not lush in funds.

Since the secret societies had shown an active anti-Red spirit, they were attracting wider support. Chinese who had remained aloof were trying to get in. Even some local groups identified with the less reputable complex were trying to shift affiliations.

Some of the wealthy local Chinese who had been taken in by Peiping were now showing a change of line and were trying to play ball with the secret societies in opposing communism.

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In general, the impetus to the anti-Communist activity was due to the reaction to the radical line taken at Peiping.

The total result was most favorable to our cause in Southeast Asia. It meant that the local Chinese elements, instead of being the spearhead of Communist penetration, were forming the main opposition to it in the areas concerned.

This complex of secret societies was a ready-made basis for a third force. There was no point in trying to cook up something among refugees and political has-beens. The secret societies had lines of communication even back to the mainland. They had a network of cooperation throughout Southeast Asia.

They were now showing a return to a political viewpoint such as they had manifested in earlier times when Sun Yat-sen was getting started.

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COMMUNIST DISSIDENTS IN HONG KONG

(The source of this report is [REDACTED], a defector from the Chinese Communist Party, according to his own claims, and now a resident of Hong Kong where he heads what is purported to be a small group of Communists devoted to the pristine objectives of the revolution and opposed to Pei-p'ing leaders for having betrayed the revolution. The report has not been evaluated. The information contained herein was received May 10, 1951.)

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[REDACTED]'s group is devoted to the end of bringing down the Pei-p'ing regime. It consists of men in modest positions. They could not do anything directly. They believe that they can best serve by informing on the Pei-p'ing regime to the world outside, particularly to the Americans. They gather information wherever they can. They convey this information by word of mouth. They do not have access to secret papers or inner councils. They depend for information on overhearing remarks and discussions by their superiors. Their channel works slowly and sometimes unsurely but they think it will be of great effect in the long run.

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[REDACTED]'s group wants to gain control eventually so as to bring Mao's outmoded ideas up to date and revise Chinese communism in the direction of democracy. Communism has proved workable economically but has been repugnant politically. His group wants to keep its economic aspects and revise its politics. This requires getting rid of Mao and his immediate henchmen.

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[REDACTED] claims that his group is different from the so-called third force since his group is trying to take action within China, doing whatever it can, however modest it might be, rather than merely putting out words and manifestoes in the manner of the third force.

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 further claims that his group wants to enhance the anti-Stalinist forces within the Chinese Communist Party by uniting them with anti-Stalinist forces throughout the world. His group believes that this can be stimulated by radio broadcasting, by encouraging people to flee China and join with the forces outside, and by infiltration of the Communist forces within, and when these things were done, the organization would take shape and grow.

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NOTES ON COMMUNIST CHINA

(The source of the following information is a Chinese banker, now residing in Hong Kong. The information, received 10 May 1951, has not been evaluated.)

Private enterprise has been abolished; the government is in charge of everything; it is working efficiently; its control is tight.

Land reform has caused many problems; yet it has strengthened the political control of the government, which was one of its main objectives. It is a reform of great historical value. The people admired the directness and determination with which it had been carried out.

Individualism is gone. There is no basis on which to build an effective movement against the government. Nothing of the sort could be done except with a lot of time and foreign help.

There is no evidence that the Peiping regime is worried over the situation. Its propaganda is effective. People don't know what to believe; so they just quit thinking about things. The standard has changed. Now there is no longer truth available against which to measure lies. There are only other lies.

The prospects of bringing about a peaceful conclusion in Korea are probably good. Mao would not want to go so far as to incur the risks of general war. Mao was playing a slick game. He was getting a lot of political benefits out of the Korean war at home, but he would not let the situation deteriorate into a general war. However, it would take a long time before a peaceful settlement could be worked out.

China has plenty of men. It has absorbed great losses before. It can do so now. Current losses in Korea are largely old Kuomintang soldiers. The Reds are liquidating them in battle without much regret. By getting them out of the way they are making room for a new army trained under Russian guidance. In the long run the effects would benefit Communist control. They would get an army they could depend on completely in place of one that had its soft spots of troops of unfixed loyalty under officers of uncertain allegiance.

Although they are not the best Communist troops, they are fighting with such tenacity because their officers are leading them into battle with a combination of a futile sense that there is no alternative and the unthinking habits of obedience which they learned at Whampoa.

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MISCELLANEOUS NOTES ON COMMUNIST CHINA

(The source of the following information is a pro-Communist Chinese national, presently residing in Hong Kong. He is believed to have contact with Chinese Communist authorities in Pei-p'ing and to be informed on official views. The information, received May 9, 1951, is circulated without evaluation.)

In September of 1945, Mao Tse-tung made a speech, asserting the purely Chinese basis of Communist policy. This speech contained a veiled warning to Russia not to regard China in a special position of subordination. The orientation toward Moscow of the Chinese Communists resulted largely in reaction to United States backing of the Kuomintang. The Chinese Communists felt that alone they could prevail against domestic enemies supported by the United States and came to regard the United States as the implacable foe of any Chinese development of communism.

This interpretation was strengthened decisively by the publication of the China White Paper in 1949. Many copies of the China White Paper were obtained at Communist headquarters and were analyzed page by page and sentence by sentence; the document was taken as confirmation that the United States was disposed to intervene in Chinese affairs, to throw its weight behind the side it deemed conservative, and to regard with active disfavor any Chinese course in the opposite direction.

The policy of "leaning to one side" had been brought forth tentatively soon after the issuance of the White Paper, and in sequence then occurred the establishment of the Communist government at Pei-p'ing, the recognition by Russia, and strong reaffirmation of the pro-Russian orientation. Meanwhile, however, the Politburo at Pei-p'ing was divided on the policy of "leaning to one side, and, although members of the Politburo were still divided on this issue, there is no overt evidence to support this belief, for whatever differences might occur within the Politburo they are not outwardly reflected. The semiofficial Foreign Relations Association at Pei-p'ing recently issued a statement alluding to the desire of the Chinese people for friendship with all other peoples. This indicates that the policy of leaning to one side is not to be regarded as a universally accepted and permanent formula. More accurately, the policy of leaning to one side is not really a policy but should rather be described as a strategy. Some Stalinist zealots, believing that important Chinese relations in the future would be only with Russia, have espoused the idea of doing away with instruction in English and Western European

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languages, but this suggestion had been overruled on the ground that China would again some day deal with the rest of the world.

The true place of the policy--or strategy--of leaning to one side might soon be made clear in a book being written by Mao. Some time ago, Mao retired from the scene of active politics in order to write a book bringing up to date the theoretical basis of the party. Mao believed that he had become too deeply enmeshed in practical politics and had need of refreshing his theoretic sources. Meanwhile, actual leadership has devolved on Chou En-lai for running the government and on Liu Shao-ch'i for party affairs. Many people make the mistake of distinguishing ideologically between these two, failing to take into account the fact that the differences between them stem from the circumstance that one operates in a governmental framework and the other in the party framework.

On his visit to Moscow, during the winter 1949-50, Mao was highly flattered and was paid respect beyond the measure allotted to other satellite leaders, being repeatedly told that China was a partner of the Soviet Union--a partner almost equal to the Soviet Union itself. In this atmosphere of flattery and talk of dignified collaboration, the Sino-Soviet treaty had been brought forth.

When the Korean affair developed, the Soviet leaders turned to China saying: "This is something in your sphere. As our main partner--as the next greatest Communist power, you should take care of this. This will mean sacrifices for you for a while; the role of world communist leadership is not an easy but an heroic one. Anyway, we Russians will be making even greater sacrifices in the common cause when the inevitable final struggle with the capitalist world occurs."

As of last fall the Chinese were really afraid of attack, really believed that the United States planned to extend the struggle to the Chinese mainland. In their view the logical way for the United States to do this would be to get a lodgment in Korea, move northward against the hydroelectric power sources of vital importance to the industry of Manchuria. Chu Teh made a speech last September to the effect that the Chinese must watch to see what the U.S. intentions were. He stated that these intentions would be revealed by whether U.S. forces crossed the 38th parallel, for if they crossed, it would mean that their intentions were beyond the restoration of the status quo and aimed at jeopardizing China. Chu added that the Chinese could not tolerate the United States' forces getting into a position to threaten the power sources for Manchurian industry. The Chinese Communists anticipated a concurrent U.S. landing at Shanghai and had made preparations for such an eventuality. These beliefs derived from the fact that Pei-p'ing's "only window was on Moscow."

In spite of the fact that the Pei-p'ing authorities were aware that the only window available to them was through Moscow, they were solid in their view that the United States was their enemy and that

a U.S. war with Russia was a high probability. They were persuaded by the logic of history that the Western powers would be defeated by the Communist powers in such a war and that the victorious emergence of the Communists was assured, with or without war. This was the logic of history.

At present the Chinese Communist press is most interested in the conflict of the point of view between General MacArthur and Secretary Marshall. This is being presented as a conflict between two wings of American capitalism. The first wing is dominant in the Eastern states and centered in New York. It reflects the view of the American capitalists who are interested in investments and business opportunities with respect to Europe. Marshall is regarded as the champion of this group. This group wants to turn primary attention away from Asia and towards Europe for the time being. The other wing, dominant in the Middle West and in the Far West, represents a more traditional Republican point of view. Its overseas concern is mainly in the Pacific area; and its view is articulated by the mid-western members of Congress and reflected notably in the Chicago Tribune. The champion of this group is General MacArthur, a native of Wisconsin, who made his career in the Pacific and who is close to the international circles of the Republican Party. This group would make American capitalist stakes in the Pacific the primary concern of the American foreign policy. It favors the reconquest of Asia as item number one on the American agenda.

In seeking to analyze the cause for MacArthur's recall, the Chinese Communists believe that, in addition to the above indicated conflict between the two schools, MacArthur was relieved because of a military failure. As the Chinese Communists had interpreted the events to the public in China, MacArthur had been sent to Korea to cross the Yalu, penetrate Manchuria, and make war on China. He had misinterpreted the strength and timing of the Chinese resistance, had made a bungle of the campaign, and had been removed for that reason. The United States was concealing its chagrin by making rationalizations for the removal of MacArthur.

It was difficult to tell whether the war in Korea had been forced upon the Pei-p'ing government as a means of stepping up its internal program or as a consequence of stepping up its internal program. Whatever the cause and effect of relationship might be, there was no doubt of a direct and essential connection between the war and the course of internal policy. Concomitantly with the war the land reform program had been put through ruthlessly. It would probably have been impossible to do this except in the atmosphere of war.

Domestically, virtually everybody was better off than before the Communists had come in. Minor bureaucrats had more power, were getting better pay and enjoyed the situation of working in an effective government. Workmen were generally much better off than previously and had benefitted greatly by the Communist policy of concentrating the food supplies in the cities at the expense of the countryside. Small farmers were about as well off as formerly. The tenant farmers were much better off, and only the landowners had suffered.